School Employees' Retirement System Plan 3

Member's Benefit Estimate Worksheet

This worksheet should answer some of the questions you may have regarding how your SERS Plan 3 defined benefit pension payment is calculated. To assist you in completing the worksheet, we have included an exampe of "John Doe's" retirement calculation. Please keep in mind that the results of this retirement benefit estimate are only estimated benefits based on projected salary and service credit. The information you obtain using the Estimate Worksheet is intended as a retirement planning tool, your actual defined benefit pension payment may be different as it will be based on final employer reporting. The defined benefit is only one component of your retirement plan. Information about your Plan 3 defined contribution account can be obtained from your Quarterly Statement, or by contacting ICMA Retirement Corporation.

You are eligible to retire with an unreduced benefit if you are at least age 65 and have at least:

■ 10 service credit years; or
■ five service credit years, including 12 service credit months that were earned after attaining age 54; or
■ five service credit years that were earned under Plan 2 as of september 1, 2000.

You can retire as early as age 55 with a minimum of 10 service credit years. Your benefit will be actuarially reduced.

How service credit is counted

You earn   **When you**

If you work at least 9 months during a school year (September 1 - August 31)

| 12 months of service credit | ☞ | when you earn service credit in the month of September andyou are compensated for time in at least 9 months and receive compensation for at least 810 hours during the school year. |
| 6 months of service credit | ☞ | when you are compensated for time in at least 9 months and receive compensation for at least 630 hours but less than 810 hours during the school year. |

If your service doesn't qualify under the rules stated above, you can also earn service credit on a month to month basis

1 month of service credit	☞	receive pay for at least 90 hours in a month (includes paid sick leave and vacation).
.50 month of service credit	☞	receive pay for at least 70 but less than 90 hours in a month
.25 month of service credit	☞	receive pay for at least 1 but less than 70 hours in a month..

Note: If you are actively employed during the year you choose to retire, you must retire effective September 1, with a separation date of August 31, in order to receive a full year of service credit for the year.

Delaying receipt of your benefit if you have 20 years of service credit
If you accumulate 20 or more years of service credit, then leave SERS-covered employment, the value of your defined benefit will increase by approximately 3 percent annually (0.25 percent per month) from the date of separation until you begin drawing a benefit.

	You	John Doe
SERS Plan 3 Benefit Estimate		
Step 1: Determine your total service credit years at the time you retire.		
1a. My current balance of service credit years:		22
1b. The number of years until my retirement date:		9
1c. My projected service credit at retirement:		22 + 9 = 31
Step 2: Estimate your Average Final Compensation. The average monthly salary from my 60 consecutive highest paid service credit months is my Average Final Compensation or AFC.* *Severence pay, such as lump sum payments for unused sick, vacation, or annual leave cannot be included in the AFC. Depending on how far off your projected retirement date is (step 1b), your actual salary and AFC may differ from its current level. You may wish to estimate what your salary will be then figure an AFC based on those figures.		$3334
Step 3: Compute your Standard benefit. Also known as Option 1, the standard benefit provides the highest monthly benefit and stops when the retiree dies. The Formula for the Standard Benefit: 1% x service credit years x AFC = monthly benefit 3a. My projected service credit years (2c) times 1%=		31 x .01 = .31
3b. My AFC (3) times 4a = standard benefit.		$3,334 x .31 = $1,034 per month
Step 4: Determine your benefit if you choose a Survivor Payment Option. There are three Survivor options available. Under each of the options, the retiree receives an actuarial reduction of the Standard Benefit. The reduction is based on the joint life expectancy of you and your beneficiary. Use Table 1 on Page 4 to find your reduction factor, then calculate your benefit. 4a. Determine the age difference between you and your beneficiary. Round to the nearest year. (John Doe is one year older than his beneficiary.)		56 - 55 = 1 year

NOTE: If you choose a Survivor Payment Option, and your beneficiary dies before you, your monthly benefit will be increased to a single life benefit level (Standard Option).

	You	John Doe
4b. Use the reduction factor form Table 1 to determine the Option 2 benefit. (4c x reduction factor = reduced benefit) Option 2 provides a survivor benefit that will be 100% of the retiree benefit.		Option 2 $1,034 x .773 = $799.28 per month
4c. Use the reduction factor form Table 1 to determine the Option 3 benefit. (4c x reduction factor = reduced benefit) Option 2 provides a survivor benefit that will be 50% of the retiree benefit		Option 3 $1,034 x .872 = $901.65 per month
4d. Use the reduction factor form Table 1 to determine the Option 4 benefit. (4c x reduction factor = reduced benefit) Option 4 provides a survivor benefit that will be 66.67% of the retiree benefit		Option 4 $1,034 x .836 = $864.46 per month
Step 5: Calculating a reduction for early retirement. 5a. Calculate your benefit the same as you would for a standard option benefit. (See Step 4.) For purposes of this example, let's say John retires at 61.		31 x .01 = .31 ..31 x $3334 = $1034
5b. Multiply the monthly benefit by the corresponding reduction factor from Table 2 on page 4. If you choose a survivor option that reduction would take place after this one.		$1034 x .643 = $664.86 per month
5c. If you select a survivor option multiply the result of 6b by the corresponding reduction factor on Table 1. John chooses Option 2		$664.86 x .763 = $507.29

Terminating employment after 20 years of service

Note: Once you accumulate 20 years of service, if you leave SERS-covered employment, your SERS Plan 3 benefit will increase by approximately 3 percent annually until you begin collecting a pension benefit or until you reach age 65. (If you receive your benefit before age 65, it will be reduced for early retirement.

	You	John Doe
Step 1: Determine your standard option benefit at the time you terminate service. Use steps 1-4 on page 2.		$666.80 (John has 20 years)
Step 2: How many years after you leave service will you begin collecting a benefit. 2a. Age when you begin collecting benefit. 2b. Age at separation from service. 2c. Subtract 2b from 2a.		65 -61 4 years
Step 3: Adjust your original benefit 3a. Use Table 3 on page 4 to find the compounding factor based on the answer to number 2c. (4 years)		1.1273
3b. Multiply your benefit by the corresponding Factor.		1.1273 x $666.80 = $751.68 per month

Table 1: Survivor Benefit Options

	Age Difference	Option 2 100%	Option 3 50%	Option 4 66.67%
Member Younger	-15	0.930	0.964	0.952
	-14	0.926	0.961	0.949
	-13	0.921	0.959	0.946
	-12	0.917	0.956	0.943
	-11	0.912	0.954	0.939
	-10	0.907	0.951	0.936
	-9	0.901	0.948	0.932
	-8	0.896	0.945	0.928
	-7	0.890	0.942	0.924
	-6	0.885	0.939	0.920
	-5	0.879	0.935	0.916
	-4	0.873	0.932	0.911
	-3	0.863	0.927	0.905
	-2	0.853	0.920	0.897
	-1	0.834	0.909	0.883
	0	0.799	0.888	0.857
Member Older	1	0.773	0.872	0.836
	2	0.760	0.864	0.826
	3	0.748	0.856	0.816
	4	0.741	0.851	0.811
	5	0.734	0.846	0.805
	6	0.726	0.841	0.799
	7	0.719	0.836	0.793
	8	0.712	0.832	0.787
	9	0.705	0.827	0.782
	10	0.698	0.822	0.776
	11	0.692	0.818	0.771
	12	0.685	0.813	0.766
	13	0.679	0.809	0.760
	14	0.673	0.805	0.755
	15	0.667	0.800	0.750
	16	0.662	0.796	0.746
	17	0.656	0.792	0.741
	18	0.651	0.789	0.737
	19	0.646	0.785	0.732
	20	0.641	0.781	0.728

Table 2 Early Retirement

Your age at retirement	Benefit as a percentage of your age 65 benefit	
	20 - 29.99 years of service	30 or more years of service
55 years	37%	70%
56	40%	73%
57	43%	76%
58	49%	79%
59	55%	82%
60	61%	85%
61	67%	88%
62	73%	91%
63	82%	94%
64	91%	97%
65	100%	100%

Table 3 Delayed Retirement

Years delayed	Compounding factor
1	1.0304
2	1.0618
3	1.0941
4	1.1273
5	1.1616
6	1.1969
7	1.2334
8	1.2709
9	1.3095
10	1.3494
11	1.3904
12	1.4327
13	1.4763
14	1.5212
15	1.5674